

## Message Text

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ACTION EA-12

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-05 H-02  
INR-10 L-03 NSAE-00 NSC-05 PA-02 SP-02 SS-15  
ICA-20 AID-05 COME-00 EB-08 FRB-01 XMB-04 OPIC-06  
LAB-04 SIL-01 OMB-01 STR-07 CEA-01 NEA-10 /137 W  
-----014452 140755Z /14

P 140746Z JUL 78  
FM AMEMBASSY TOKYO  
TO SECSTATE WASHDC PRIORITY 9601  
TREASURY/DEP WASHDC PRIORITY  
AMEMBASSY BONN PRIORITY  
INFO AMEMBASSY BRUSSELS  
AMEMBASSY LONDON  
AMEMBASSY PARIS  
AMEMBASSY ROME

UNCLAS TOKYO 12791

USEEC

USOECD ALSO FOR EMBASSY

E.O. 11652: N/A  
TAGS: EFIN, JA  
SUBJECT: REACTION TO FRB CHAIRMAN MILLER'S REMARKS ON  
CURRENCY BLOCS

1. AFTERNOON JULY 13 NIHON KEIZAI GAVE PROMINENT COVERAGE  
TO REMARKS BY FEDERAL RESERVE BOARD CHAIRMAN WILLIAM  
MILLER CONCERNING U.S. ATTITUDE TOWARD RECENT EUROPEAN  
CURRENCY STABILIZATION PROPOSALS. AS CARRIED IN PRESS  
HERE, MILLER TOLD MEMBERS OF THE FOREIGN PRESS THAT THE  
U.S. SUPPORTED THE EUROPEAN INITIATIVE AND WENT ON TO  
SPECULATE THAT THIS MIGHT IN THE LONG RUN EVOLVE INTO A  
SYSTEM OF CURRENCY BLOCS CONSISTING OF A EUROPEAN BLOC,  
A DOLLAR BLOC, A YEN BLOC, AND A MIDDLE EAST BLOC. HE  
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REPORTEDLY WENT ON TO SAY FORMATION OF THE CURRENCY BLOCS  
MIGHT LEAD TO GLOBAL CURRENCY STABILIZATION.

2. THE REPORT ON MILLER'S REMARKS WAS ACCCOMPANIED BY A  
REPORT OF BANK OF JAPAN REACTION TO HIS STATEMENTS  
ATTRIBUTED TO AN UNNAMED BOJ OFFICIAL. THE OFFICIAL SAID  
THE STATEMENT REFLECTS THE U.S. DESIRE THAT JAPAN SHOULD

SHIFT ITS EXPANDING TRADE MORE TOWARD SOUTHEAST ASIA, AUSTRALIA AND NEW ZEALAND RATHER THAN CONCENTRATE SO HEAVILY ON THE U.S. MARKET. HOWEVER, THE OFFICIAL REPORTEDLY SAID, JAPAN IS HEAVILY DEPENDENT ON THE U.S. ECONOMICALLY, POLITICALLY AND MILITARILY. THEREFORE THE ESTABLISHMENT OF A YEN CURRENCY OR ECONOMIC BLOC IS A SUBJECT FOR THE FUTURE RATHER THAN THE PRESENT.

3. FOLLOW-UP STORIES IN JULY 14 MORNING EDITION OF NIHON KEIZAI CITE INDUSTRIAL BANK OF JAPAN ADVISOR HOSOMI (FORMERLY VICE MINISTER OF FINANCE FOR INTERNATIONAL AFFAIRS) AS SAYING THAT CREATION OF A YEN BLOC WOULD BE DIFFICULT AT PRESENT BECAUSE THE YEN IS NOT NOW WIDELY USED IN SOUTHEAST ASIA AND THE STRUCTURE OF TRADE IS NOT FAVORABLE TO FORMATION OF A YEN BLOC. HOWEVER, HE THOUGHT THE IDEA WAS WORTH CONSIDERING AS A PLAN TO STABILIZE CURRENCIES. OTHER COMMENTATORS AMONG THE FOREIGN EXCHANGE BANKS REPORTEDLY SAID THAT THE MILLER IDEA, THOUGH ON THE SURFACE A PLAN TO STABILIZE CURRENCIES, WAS IN REALITY A PART OF THE U.S. STRATEGY OF REDUCING THE ROLE OF THE DOLLAR AS A KEY CURRENCY, A ROLE WHICH HAS BEEN MAINTAINED WITH SOME DIFFICULTY UNDER THE FLOATING RATE SYSTEM. NIHON KEIZAI WENT ON TO COMMENT THAT CHAIRMAN MILLER HAD SHOWN MORE INTEREST IN THE DOLLAR/MARK RELATION THAN IN THE VALUE OF THE YEN AND THAT FEARS OF POSSIBLE ISOLATION OF THE YEN ACCOUNTED FOR THE PRIME MINISTER'S INTEREST IN UNCLASSIFIED

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VARIOUS TARGET ZONE PROPOSALS. MANSFIELD

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NNN

## Message Attributes

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**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Decapton Date:** 01 jan 1960  
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**Disposition Approved on Date:**  
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**Disposition Comment:**  
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**Disposition History:** n/a  
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**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**TAGS:** EFIN, JA, FRB, (MILLER, G WILLIAM)  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
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20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014